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NATIONAL INTELLIGENCE DAILY CABLE

Saturday 10 December 1977 CG NIDC 77/286C

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National Intelligence Daily Cable for Saturday, 10 December 1977.

The NID Cable is for the purpose of informing senior US officials.

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Czechoslovakia
Poland
Bolivia
Pakistan-China

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USSR - MIDDLE EAST: Criticism

25X1 [] The USSR has apparently decided at least
for now to soft-pedal its criticism of Egyptian President Sa-
25X1 dat [] The
timing of this tactical shift suggests that the sudden closure
of the Soviet consulates and cultural offices in Egypt con-
vinced Moscow to moderate its public positions. The shift fol-
lows discussions between Foreign Minister Gromyko and Undersec-
retary Habib in Moscow last Sunday and Monday.

25X1 [] //On Thursday, the Soviet Ambassador to Damascus
told his East European counterparts that Moscow has pressed
the Syrians to reduce their attacks on Sadat and to avoid lin-
ing up with the Arab rejectionists. The Ambassador also asserted
that, in their discussions with Syrian Foreign Minister Khaddam
in Moscow last week, the Soviets had strongly urged Syria to
try to avoid a break in diplomatic relations with Egypt.//

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25X1 [] Moscow's public reaction to the closing of its of-
fices in Egypt also suggests that it has decided to adopt a
more moderate line. Soviet commentary regarding Sadat has sud-
denly become particularly restrained and there has been no au-
thoritative discussion of the closings. Even the discussion of
Secretary Vance's trip to the Middle East has conveyed a tone
of skepticism rather than criticism.

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JORDAN: Husayn and the West Bank

25X1 [] *King Husayn has indicated in recent interviews that Jordan would assume an active role in West Bank negotiations only if Israel is prepared to offer him substantial territorial concessions. Husayn's remarks are probably designed to impress on Israeli Prime Minister Begin and Egyptian President Sadat that he must have firm indications of Israeli willingness to pull back from most of the West Bank before he will take the substantial risks involved in participating in the Cairo conference or a truncated Geneva Conference.*

25X1 [] In a *Newsweek* interview published earlier this week, Husayn offered the clearest public indication to date that he might, if the conditions are right, ignore the 1974 Rabat Summit declarations making the Palestine Liberation Organization the sole negotiator for the Palestinians. However, Husayn's conditions--Israeli withdrawal from East Jerusalem and a pull-back to the June 1967 borders in exchange for "total peace"--are unlikely to appeal to the Israelis, who would hardly view such preconditions as "negotiating." Husayn has admitted that he sees no sign Israel is ready to meet his conditions.

25X1 [] Husayn clearly wanted to discourage the Israelis from believing he could be enticed into bilateral negotiations by the offer of a partial withdrawal or some sort of turnover of

functional responsibilities such as has been suggested by Israeli Foreign Minister Dayan. He also implied that he would need the backing of some key Arab states before he would risk ignoring the Rabat declarations.

25X1 [] The support of Saudi Arabia--Jordan's most important Arab financial benefactor--would probably be critical. Husayn would also expect strong support from the US and hope that he could gain at least the tacit approval of Syrian President Asad.

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25X1 [] Despite his reservations about bilateral negotiations and about participating in the Cairo conference, the King is clearly pleased with Sadat's initiatives. In his current round of trips to Arab capitals, he may be looking for ways of involving Jordan eventually in the negotiating process that he hopes will grow out of the Cairo conference.

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WEST BANK: Palestinians to Cairo

25X1 [] *Delegations of conservative Palestinian representatives from Gaza and the West Bank are traveling to Cairo this weekend to endorse Egyptian President Sadat's peace initiatives. These delegations are probably too tainted by association with Israel and Jordan to represent any significant body of Palestinian opinion.*

25X1 [] The delegation from Gaza is headed by an Israeli-appointed religious leader. The West Bank contingent includes the son of a traditionalist shaykh of Hebron and a pro-Jordanian notable from Nabulus.

25X1 [] None of the pro-PLO mayors of the major cities are included. Most of the elected leaders in the occupied territories have not publicly backed Sadat, but some have privately

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urged the PLO to moderate its criticisms of the Egyptian President. The PLO has asked that the delegations going to Cairo also visit Beirut for discussions with PLO leaders.

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[] Public sympathy for Sadat in the occupied territories is growing. Leaflets and wall posters have appeared in Nabulus and Hebron supporting Sadat. []

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USSR: Food Supply Problems

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[] *The quantity and quality of food supplies in the USSR have improved over last year, but prices have increased. The US Embassy in Moscow reports, however, that unusual shortages still exist in many small cities and towns. Regional differences in food supply are wide and perhaps growing and are a source of consumer discontent.*

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[] The Soviets continue to maintain prices in state-operated retail outlets at previous levels, but prices in the collective farm market--where supply and demand determine prices--continue to rise. Overall food prices increased 8 percent in Moscow in the first 10 months of this year. The jump was highlighted by a 12-percent rise in meat prices despite a marked increase in supplies following the disastrous grain harvest in 1975.

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[] US Embassy observers in Moscow report that there now is a greater variety of meat and shorter queues at the fixed-price state stores and that mandatory meatless days in major restaurants have apparently ended. Government packing plants in the first 10 months of the year increased their output 12 percent over the corresponding period in 1976, although they still were below the levels achieved in 1974 and 1975. Meat production, helped by the availability of domestically produced feed grains and fodder as well as large grain imports, will continue to rise slowly but steadily through at least next year.

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[] There is evidence that the usual disparities are growing between the large cities in European Russia and in outlying areas--including cities east of the Urals--in the availability of meat and other high-quality foods. A Soviet citizen traveling in late October through the northern part of the Russian Republic and through western Siberia reported almost bare shelves in state food stores and not much in the collective

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farm markets. He said the local newspaper in Omsk had appealed to collective farmers to bring produce to the market from their private plots during the 60th Anniversary week last month.

25X1 [] Shoppers from the Moscow suburbs and surrounding countryside have always been drawn to the city by its better food supplies. The US Embassy reports that during the past year the practice has become institutionalized; shoppers are coming from distant provincial cities, including Gorkiy, Kostroma, and Yaroslavl. Factories in outlying provinces are even sending busloads of workers to Moscow to shop for family and friends.

25X1 [] People in Moscow resent these shopping forays, and the authorities there have taken retaliatory steps. Militiamen reportedly are discouraging out-of-town buses from parking in the city's central business areas. [] numerous Moscow factories and institutions have set up "company stores" to prevent outsiders from buying up supplies intended for local residents. Muscovites continue to believe that last year's closing of food stores on Sunday was an official move to discourage provincial shoppers. []

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ROMANIA: Political Conference

25X1 [] Romanian President Ceausescu called for stronger party control and discipline and hewed to his independent foreign policy line at a national party conference that closed yesterday. Ceausescu announced no leadership changes or government reorganization. He reaffirmed his emphasis on industrial development at the expense of the consumer.

25X1 [] Data in Ceausescu's speech indicate that Romanian economic growth has fallen somewhat behind schedule. A further deceleration is likely in the next few years because of recent slowdowns in the growth of investment and employment stemming from basic resource constraints, government austerity measures, and earthquake damage.

25X1 [] Ceausescu's figures suggest that national income is growing some 10 percent this year instead of 11.3 percent as planned. Although he asserted that the production goal for industry will be exceeded, grain output is expected to total

about 18 million tons, somewhat below the record harvest of 1976. Investment growth, planned at 17 percent, will be about 13 percent.

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[] The recently released plan for 1978 projects no slow-down in the high rate of industrial growth but calls for slower than planned growth in certain critical sectors. Employment in the socialized sector is to rise only 2.7 percent, as opposed to the 3- to 3.5-percent average in the 1976-80 plan. Production of coal, electricity, steel, aluminum, and synthetic rubber is set at levels lower than called for in the 1976-80 plan.

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[] Personal consumption and exports could be adversely affected by substantial cuts in planned output of chemical fertilizers--important for boosting agricultural output--and textile products.

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[] The downward revisions reflect underlying problems evident this year and last. Oil and gas production has leveled off because of dwindling domestic reserves, and oil imports are constrained by a heavy hard-currency debt burden. A shortage of housing in urban areas has hampered the growth of the industrial labor supply. Worker grievances over shortages in housing and consumer goods, wage restraints, and pension cuts have slowed increases in labor productivity, especially in the critical coal industry. All these problems were aggravated by the earthquake last March.

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[] Ceausescu nevertheless said that prices of basic consumer goods would not rise next year. He also repeated his promise that the regime will gradually phase in a 44-hour work week beginning 1 January. Ceausescu has made similar assurances before but has not always lived up to them.

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[] The US Embassy reports that Ceausescu was most vehement when he talked about the need to strengthen the role of the party. He peppered his speech with references to "strengthened discipline" and to the need for "strict observance" of party decisions and state laws and noted that party decisions, once made, become obligatory not only for party members but for all citizens.

25X1 [] Ceausescu's remarks suggest that grumbling within the ranks over some of his policies--such as the new, less generous pension law--may have increased recently. His attention to the need for greater discipline within the party, however, does not necessarily suggest an increase in arbitrary policies throughout the society as a whole.

25X1 [] For example, Ceausescu underscored his policy of "socialist legality"--which Romanians understand to mean the strict observance by security forces of the rights of the citizenry--and stated that "no one should be unjustly sanctioned or punished." He also referred to further fundamental reforms of Romania's penal and justice systems that will involve greater popular participation.

25X1 [] The overall tone of the speech was markedly less ideological than customary for Ceausescu. This suggests some change of pace in the leadership's strident effort to inculcate Communist ideology into the masses.

25X1 [] The treatment of inter-party relations reflects the slightly more independent tone that has crept into Romanian rhetoric since last July. Ceausescu reinvoked each Communist party's right to formulate its own strategy without outside interference and indirectly reminded the Soviets that they had acknowledged the principle of party autonomy at the June 1976 European Communist Party conference.

25X1 [] The Romanian leader did not mention either the Warsaw Pact or CEMA. He supported the "Eurocommunist" parties but cautioned that differences of tactics and strategy should not lead to censuring or criticizing other parties for their political or ideological views. []

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MALAYSIA: Developing Problems

25X1 [] //The recent imposition of emergency rule in Malaysia's northern Kelantan state threatens to weaken the unity of the country's governing coalition, the 11-party National Front, and exacerbate other problems plaguing Prime Minister Hussein. The Prime Minister's action in Kelantan was more activist than his usual measured approach to resolving

political disputes. In fact, Hussein has been criticized for his slow reaction to developing problems and his reluctance to accommodate politicians who have become accustomed to the benefits of pork-barrel politics.//

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[]//The problem in Kelantan came to a head when the state's Chief Minister was voted out of office by his own Islamic Party because of his attempts to clean up corruption over timber licenses and other concessions to party financial supporters, which had benefitted both party members and the party itself. Demonstrations and riots broke out in favor of the Chief Minister, who has large grass-roots support.//

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[]The Prime Minister's inability to reconcile differences with party leaders over this problem and the prospect of further violence led him to declare a state of emergency. This is the first time such a measure has been imposed in Malaysia since racial riots occurred in 1969.

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[]Islamic Party leaders already have resigned their posts in the federal and state governments, and party officials may withdraw from the governing National Front coalition. Such a move could encourage other disenchanted Front members in their maneuvering for a greater allocation of parliamentary seats and economic concessions. To prevent further erosion of Front support, Hussein is considering advancing the date of the national election that had reportedly been planned for mid-1978.

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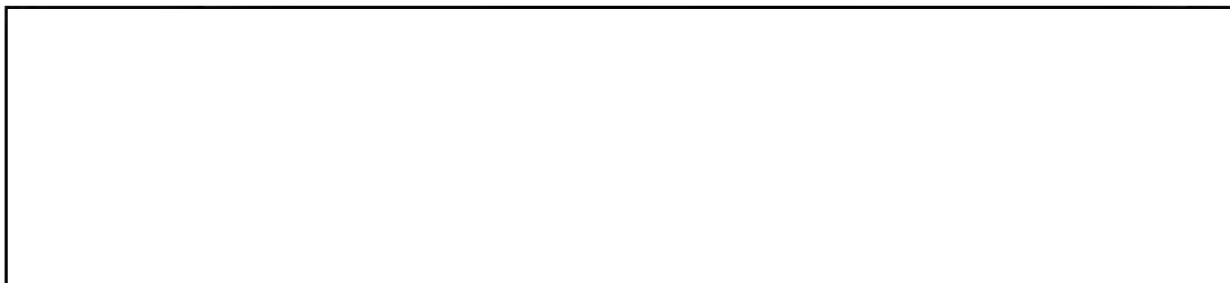
[]Since he came to power in January 1976 on the death of his predecessor, Hussein has worked to ease longstanding tensions between the country's Malay majority and the Malaysian Chinese who dominate the country's economy. His efforts have won him support among moderates in both camps.

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[]The political ferment probably does not threaten Hussein's position. Malay chauvinism nevertheless is a powerful force, and he will have to continue walking a fine line in order to maintain both Malay and National Front unity. []

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BRIEFS



Czechoslovakia

[redacted] Czechoslovak human rights activists have prepared for distribution a "Charter 78" manifesto [redacted]

[redacted] The document presumably is intended to be a wide-ranging statement on human rights in the country, similar to the Charter 77 manifesto that captured attention early this year.

[redacted] The new document, however, may not make the same splash that the earlier one did. The dissidents have periodically issued follow-up documents to the Charter 77 manifesto, and there could be a tendency to view a Charter 78 manifesto as just another in that series. [redacted]

Poland

[redacted] After nearly a month in which they were relatively quiet, Polish dissidents are claiming that there has been a "return of lawless police repression" in Warsaw and other Polish cities. The charge came in an open letter to the Polish Prosecutor General from the Committee for Social Self-Defense.

[redacted] The police have apparently resumed minor acts of harassment in recent weeks, including at least one raid on a dissident meeting and short detentions. These had been notably absent during the fall despite an increase in dissident activity. The government felt it necessary to show that it still has the will and capacity to act if it thinks the dissidents have gone too far.

25X1 [] Otherwise, there is an air of surface normalcy at present in Poland's political life. The regime's early release of its Christmas reserves of foodstocks presumably has had a calming effect on the tense public mood. Party chief Gierek's recent trip to Rome, where he received a pledge of Church cooperation, has probably also helped to reduce tensions. []

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Bolivia

25X1 [] Commanding officers of an elite army regiment and leaders of a political party, the Bolivian Socialist Falange, have been implicated in coup plotting against President Banzer's government, according to press stories. There is also a report that an attempt was made to sabotage the President's private plane. Banzer reportedly called an emergency cabinet meeting on Thursday to review the situation.

25X1 [] The plotting probably stems from increasing resistance in the military to Banzer's plans to hold an election next year. In addition, his announcement last week that he will not run for election clearly has increased the potential for instability in Bolivia. []

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Pakistan-China

25X1 [] //Pakistani Chief Martial Law Administrator Zia-ul-Haq will visit China from 14 to 19 December. No major developments are likely from the trip, which Zia has been trying to arrange since October.//

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